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MEMORANDUM FOR: Joseph Seltzer

SUBJECT : Food and Agriculture Branch Answers to Questions [REDACTED]

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1. We want to thank [REDACTED] for their memorandum of 25 May 1959.

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2. In answer to paragraph 2: M/AG agrees [REDACTED] that there are probably elements of exaggeration in almost all Satellite official claims of grain production (and other crops). However, we have not made adjustments of the Polish, Czechoslovakian, Hungarian or Albanian official grain series, because our checks on the statistics do not reveal any serious exaggeration. We believe that the official grain production claims of East Germany, Rumania and Bulgaria are seriously exaggerated. A discussion of why M/AG does not accept official grain yields and what adjustments have been made for each one of these Satellites is as follows:

East Germany -- Official data for harvested acreage has been accepted for all grain crops, but data for yields per hectare have not been accepted. Up until 1957 the yield data were stated to be gross or biological in the GDR Year book. In 1957, however, the East German statistical office adjusted the yield data to a net basis by applying a loss factor which averaged only about 7 percent. Since the experience of various European countries has shown that the difference between biological and barn yield may be as high as 25 percent in any given year, the 7 percent probably does not take all loss factors into consideration. Therefore M/AG has deducted an additional 10 to 15 percent (depending on harvesting conditions) to obtain a yield figure more representative of barn. The revised yield figure for each grain is multiplied by the official harvested acreage to obtain total grain production.

Rumania -- Official yield data for coarse grains has been adjusted starting with 1951. The official sown acreage for each grain, and the per hectare yields and production for wheat and rye have been accepted. The yields of wheat and rye are believed to be reasonably accurate because a larger share of their production is procured by the government. The increases in yields for coarse grains indicated in official Rumanian statistics appear to be too large in view of the limited increases in fertilizer, improved seed and mechanization that have occurred. Also the official methodology does not seem to make an allowance for high moisture content, normally more important for coarse grains than bread grains. There, M/AG has reduced the yields of corn (maize), barley and oats by 20 percent. Although reduced from the official yields, our series still show a gradual yield increase over previous years, which is realistic.

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Bulgaria -- M/AG has used the Statistical Yearbook data for acreage of grains, but yield data since 1950 have been adjusted. Because the large increases in yields do not seem to be justified by the limited increases in production inputs, it is believed that small grain yields are biological rather than barn. This is confirmed by information available in 1953 that the Bulgarians were reporting yields of grain on a biological basis like the USSR. We have no indication that they have stopped this system of reporting. Therefore, M/AG has reduced officially reported yields in bad years by 10% and in good years by 15% for wheat, rye, barley and oats. For corn we believe that the yields given in the Yearbook from 1950 on represent ear corn, with possibly a small harvesting loss taken into account. Corn yields have been reduced by 20% to put them on a shelled corn basis.

Preliminary checking on official grain production data by the use of food and feed balances also tends to confirm the advisability of reducing the official Bulgarian grain yields.

3. In answer to paragraph 3:

Grain Production in the USSR, 1950-58

Year	Previous M/AG Estimates*	Million Metric tons	
		Official Soviet Data	Present M/AG Estimate
1950	84.9	81.5	81.5
1951	80.0	79.1	79.1
1952	92.0	92.1	92.1
1953	83.0	82.5	82.5
1954	87.1	85.6	85.6
1955	103.3	106.8	106.8
1956	115.2	127.6	115
1957	100	105.0	105.0
1958	125	139.4	130

* These estimates were made by M/AG during the years for which the estimates apply. This is the series used by M/AG until the recent (1958) release of absolute grain production data.

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Soviet grain production data published on pages 88 and 90 of Vestnik statistiki, no. 3, 1959, in conjunction with the grain output index found on page 107 of Narodnoye khozyaystvo SSSR v 1956 godu, permit the construction of a grain production series for the period 1950-58 which is referred to above as "official Soviet data". The official Soviet data do not differ from the previous M/AG grain production estimates by as much as 5 percent in any year during the period 1950-58, with the exception of 1956 and 1958 when abnormally heavy post-harvesting losses of grain necessitate substantial adjustments of the official series. We do not feel that a difference of less than 5 percent between our estimate and the official Soviet figure is significant. Therefore, except for 1956 and 1958, M/AG has accepted the Soviet grain production figures for the period 1950-58.

M/AG has revised upward its estimate of the 1958 grain crop to 130 million M.T. from our 125 million tons estimate made in October 1957. This upward revision was made because it is believed that post-harvest losses in 1958, even considering the larger crop, were probably not as large as in 1956 when weather during harvesting was particularly bad and grain handling facilities were very limited in relation to the size of the crop in the new lands area. However, we recognize that the estimates of unusual losses in 1956 and 1958 are highly subjective, [REDACTED]

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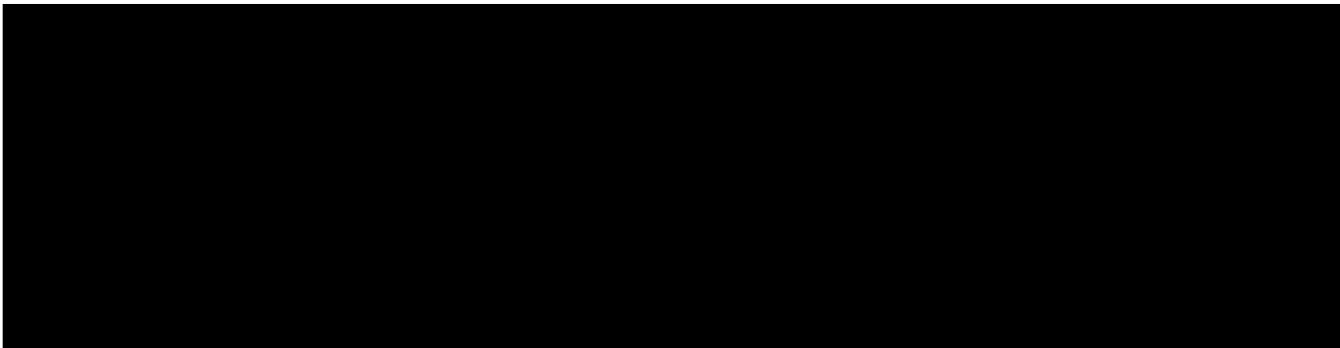
To the best of M/AG's knowledge, the Soviets, until Khrushchev's December 1958 Plenum speech and the 1958 plan fulfillment report, have not published information which would permit the amount of unripe maize silage in the official grain production figures to be calculated. M/AG has not revised downward the total maize grain production figures published by the Soviets, although we recognize the probability that some overstatement of production does result from Soviet use of this method. We have not made estimates of the unripe maize silage in the grain production figures for the years previous to 1958. M/AG's estimates of grain production include the grain equivalent of unripe maize.

4. In answer to paragraph 4: Our Intelligence Memorandum, "Agricultural Production in the Sino-Soviet Bloc, 1958", was nearing completion at the time that Khrushchev announced the 140 million ton grain production figure. By including the statement "according to the annual report on plan fulfillment, the Soviet production of grain in 1958 totaled almost 140 million metric tons ---" and labeling it as "surprising" in the Intelligence Memorandum, M/AG intended to give cognizance to a published Soviet grain production figure but did not intend to lend credibility to it. The 140 million tons figure in table 2 should have been identified as an official Soviet figure, but one not acceptable to M/AG.

5. M/AG recently made a preliminary analysis of Soviet capabilities for increasing agricultural production under present and published planned programs and policies through 1965. This analysis suggests an increase of about one-third in agricultural output by 1965 over the 1957 level, but in relation to the bumper

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crop year 1950, the base year of the Seven Year Plan, the suggested increase in output by 1965 is only about one-third of the 70 percent increase planned by the Soviets. (This projection is higher than that contained in our "CIA/RR 59-15, Policies, Performance and Prospects of Soviet Agriculture 1953-65". The difference arises partly from a higher projection of livestock products).



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